

# Govt eyes pvt investment in bullet trains

**DHRUVAKSH SAHA**

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India's seven new high speed rail (HSR) corridors, announced by Finance Minister Nirmala Sitharaman in February, are expected to cost ₹16 trillion. The Centre, in a bid to increase private investments in the sector and reduce government outgo on these projects, is exploring ways to build a public private partnership (PPP) framework for HSR, according to at least three officials aware of the matter.

The corridors announced in the Union budget, spanning around 4,000 kilometres, are Mumbai-Pune, Pune-Hyderabad, Hyderabad-Bengaluru, Hyderabad-Chennai, Chennai-Bengaluru, Delhi-Varanasi, and Varanasi-Siliguri.

According to one of the officials, the recommendation was made at the highest

levels of the government in a meeting in December, around two months before the Budget announcements were made.

"Yes, we are looking at that option actively. It is a challenge, as there are very few global precedents of successful projects in HSR. But it is a need and it is important that we keep exploring ways in which this can be done," a top Ministry of Railways official told *Business Standard*.

The railways may look at ways in which it can remove risks and contingencies for private players, which are often land-related at the initial stages, according to the first official.

"The suggestion is that railways should look at a model where the rail-

ways provides land and the private sector undertakes construction, operations, and maintenance," they said.

Queries emailed to the Ministry of Railways in February did not get a response till the time of publishing this report.

A key challenge can also be understanding the rate of return for such a project, since there is not a single working HSR — commonly known as bullet train — corridor in India, according to experts.

The 508-kilometre Mumbai-Ahmedabad HSR project has missed out on completion targets in the past. Railways minister Ashwini Vaishnaw has ascribed the delays to a hold-up in land acquisition owing to political differences with the then

state government led by Shiv Sena (UBT) leader Uddhav Thackeray.

The government will look to open a 100-kilometre stretch between Surat and Vapi by 2027. During this time, the projected cost of the corridor has also risen to nearly ₹2 trillion. Last month, the railways ministry also held a review meeting to ascertain the financial viability of these new corridors and expediting their detailed project reports.

The proposed model for bullet train corridors, albeit new, is feasible, according to Lalit Chandra Trivedi, former general manager of East Central Railway. "Yes, it is feasible, if besides ensuring land parcels, the government also guarantees a benchmark rate of return of say 9 per cent (tax free), with the provision that if returns are more than that, the government takes it," he said.

According to Trivedi, there have been

examples of successful bullet train corridors being run in PPP in the UK, France, and one which is under construction in California, even as the UK experiment has had some issues.

Railways needs to go through a thorough concessionaire route besides just providing land, he said. "This should be done to take care of uncertainties around projected ridership, heavy upfront capital investment, technology challenges, etc.," he added.

Railways taking equity in projects for providing land is not a new concept. In 2015, the railways took 26 per cent stake in the joint ventures for the electric locomotive production factory in Madhepura with French rolling stock manufacturer Alstom, and the diesel locomotive factory in Marhowra with US-headquartered Wabtec Corporation (formerly GE Transportation).

